

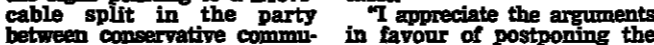
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**Thursday June 28 1990**

## Business Summary

should encourage Japan to make tough political decisions to resolve bilateral talks on economic reform which were continuing last night. Page 3

Tomorrow will see the first key round in the battle for the



**Key elements of Marxism repudiated; Aid to Moscow; Estonians pass law to restrict immigrants, Page 2**

Sir Leon was coy about precise details of the formal objections to the Sabena joint venture with one or more partners.

The officials said the two countries would be able to make public their final report

report in April and the hope on both sides is that such high-level contacts will give a similar political push now.

**MARKETS**


sum that if they still could not agree, the talks would have to be carried over to another meeting in the US.

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## WORLD TRADE NEWS

**£400M OWED ON STEEL PLANT BUILT BY MOSCOW****Nigeria fails to pay Soviet debt**

By William Keeling in Lagos

NIGERIA and the Soviet Union are at odds over £400m owed to the Soviet Union for work on the Alakuta steel plant, under construction by Tajpromexport since 1988. Completion of the plant, which has cost an estimated \$4m to date, is expected next year and, as one Soviet official explained: "We've done our work and we want our money."

With an international debt of \$2.5bn and debt repayments to the Paris and London clubs already accounting for 30 per cent of foreign exchange earnings, Nigeria's debts to the

Soviet Union are being given low priority.

But with the government of President Ibrahim Babangida failing to make any payment to Tajpromexport since 1988, Soviet diplomats are beginning to lose patience. The Soviet Union's inability to collect money owed by developing countries is also thought to be a factor behind its own late payments to western exporters.

The problem in Nigeria's case, analysts believe, is the Soviet inability to offer new credits. Without the carrot of additional finance, the

Nigerian authorities have not been willing to negotiate even a rescheduling of the debt.

Relations between the two countries have also been put on edge after revelations that Chief Great Ogburn, the businessman the authorities suspect of financing the failed coup last April, visited the Soviet Union earlier in the year to sign a fisheries joint-venture agreement.

Of bitter consolation to Moscow is that even after the 3,000 Soviet workers have completed their work and packed their bags, the steel

plant is unlikely to begin production for at least another five years. Still to be confronted is the problem of ensuring a secure supply of coking coal for the plant.

The plant needs 1.4m tonnes of coking coal a year, most of which will have to be imported. This presents logistical problems as Alakuta, situated on the River Niger, is 250 kilometres inland from the coastal ports. Either the river will have to be dredged or a 150 kilometre railway line built to connect the plant to the rail network.

**US to lift sanctions against Brazil**

By Christina Lamb in Brasilia

THE US is to lift sanctions on Brazilian goods in response to Brazil's announcement that it will introduce legislation to protect pharmaceutical patents by next March.

The Brazilian decision on intellectual property rights represents a radical shift in Brazilian thinking and paves the way for ending a row with the US, its largest trading partner.

Mrs Carla Hills, the US Trade Representative, said: "We are very pleased with President Collor's decision to resolve this long standing concern of the US government. We are confident that this measure will succeed and provide adequate protection for US firms."

The US sanctions - 100 per cent retaliatory duties on paper products, consumer electronics and drugs - were imposed in October 1988 after a ruling under Section 301 of the 1974 Trade Act that Brazil was failing to provide patent protection for US pharmaceuticals.

Brazil's announcement came as part of a sweeping trade package intended to open up the country to foreign competition. It followed visits by Mrs Hills and Mr Robert Mosbacher, the US Commerce Secretary, both of whom lobbied hard for Brazil to ensure adequate protection in order to attract investment.

In a further concession to



President Collor: opening Brazil to foreign competition

mies, traditionally hostile to foreign imports which last year accounted for only 5 per cent of GNP. Once the liberalisation takes effect many Brazilian companies are expected to go out of business.

The first sector to be liberalised is textiles, one of the most protected areas. From July 1 all tariffs will be dropped on machinery and raw materials not produced in Brazil. A tariff commission will decide the timing of the rest of the cuts to bring the maximum down from 105 to 40 per cent by 1994. Of particular concern to the US are tariffs on aircraft, their main export to Brazil, which are now between 49 and 56 per cent.

To encourage foreign investment, import licences must now be granted within five days. This is to stop trade associations lobbying to prevent the entry of competitors and to force multinationals which earn huge profits in Brazil to increase their competitiveness.

Miss Zelia Cardoso, the Economy Minister, unveiling the trade package, said it represented a profound rupture with the past. She added: "Protectionism has failed and impeded the development of our industry. It left us with an economy which while the eighth largest in the world, was riddled with chronic inflation, inequalities and profound social and regional problems."

**E Germany acts to enforce CoCom rules**

By David Marsh in Bonn

EAST GERMANY is to set up a special foreign trade monitoring office next week to police international controls on technology transfer after economic union with West Germany this weekend.

Establishing the office forms part of the recent understanding with the 17-nation Co-ordinating Committee for Multilateral Export Controls (CoCom) under which CoCom restrictions for East

Germany will be lifted after July 1.

High technology goods previously proscribed under the CoCom rules will be able to cross from the West from the weekend.

Even though general CoCom procedures are being relaxed, the US, above all, is still concerned about militarily-useful technology crossing from eastern Europe into the Soviet Union and the Third World.

The East German government will be trying particularly to prevent re-export of sensitive products in areas like computers and telecommunications.

The Berlin Government is attempting to enforce CoCom curbs on barter trade, where East Germany has agreements in force with 38 countries.

The East and West German governments announced yesterday that controls on movements of people across

the East-West German border will be practically ended at the weekend.

Germany will no longer face passport inspections, and visa restrictions for foreigners will be substantially eased. Goods controls will however remain in force - not least, because East Germany introduces a 9 per cent import surcharge on Sunday to try to protect its

industry from a rush of imports of western consumer goods.

**'Failure of trade talks will hit poor'**

By Peter Montagnon, World Trade Editor

MR Barber Conable, president of the World Bank, has called on western leaders to break the deadlock in the Uruguay Round of multilateral trade negotiations at their summit in Houston next month.

An end to the deadlock was "imperative" for the sake of developing and East European countries which are liberalising their own trade but have so far had little influence over the Round, he said in a letter to President Bush and the other heads of state who will be attending the summit.

In his letter, Mr Conable carefully avoided taking sides in the dispute between the US and the European Community over reform of world farm trade that has threatened to derail the entire Round.

But he emphasised the need for a global reduction in barriers to trade and warned that failure would benefit from fragmentation of the trading system if the Round failed.

Protection by industrial nations costs developing countries more than twice as much as they receive in aid. Output in the developing world would increase by 3 per cent if rich nations eliminated their import restrictions, he said.

Following the prescription of the World Bank, many developing countries had opened their own markets but they had done so unilaterally and the global gain would be much greater if trade were freed.

Agreement in the Round would benefit developing countries, especially in agriculture, textiles and clothing, he said.

**Russians brand Big Mac a hit**

By Alice Rawsthorn

IT IS nearly five months since McDonalds started selling Big Macs in its shiny new store on Moscow's Pushkin Square, but the queues outside are still a mile long every day.

With so many western companies like McDonalds setting up in eastern Europe, Lander Associates, the international corporate identity consultancy, has commissioned a study of awareness of international brand names in eastern Europe.

Sony, Mercedes-Benz, Adidas and Ford were the only brands to score highly in all three countries surveyed: the Soviet Union, Poland and Hungary. Sony was top in Poland and the Soviet Union, Mercedes did best in Hungary.

The study, by Gallup, asked 500 consumers in each country which international brand names they were most familiar with.

Cars dominated in every country. The West German luxury car companies - Porsche and BMW, as well as Mercedes - were especially popular in Hungary and Poland.

Japanese electronics companies - Sony, Sharp and Panasonic - scored highly. But west European brand names, especially the West German ones, scored highest of all.

The big US brands were surprisingly unsuccessful. Coca-Cola, McDonalds, Kodak and Pepsi-Cola cropped up, but Ford was the only US company to have high recognition.

The Image Power Survey in eastern Europe, Lander Associates Europe, 5 Hill Street, London W1X 7PA.

**Business television channel faces closure**

By Raymond Snoddy

THE BOARD of the Swiss-based European Business Channel was meeting in crisis session yesterday to see whether the first continent-wide business television channel can survive. The channel was reviewing its options following the decision by Time Warner of the US, the world's largest media conglomerate, to abandon plans to take a substantial stake in the company.

As a result it is likely that EBC, which began broadcasting in November 1988 and which is available in 24m European homes by cable and satellite, will go off the air - at least for the time being.

Staff were yesterday preparing the programme as normal as the service is expected to continue to the end of this week. Staff have been told that whatever happens suppliers will be paid.

Time Warner executives arrived at the Zurich headquarters earlier this month to negotiate final details of a deal on what would have been the US company's first large foray into Europe since last year's merger of Time and Warner Communications.

The formal reason given for the decision was uncertainty over the length of EBC's concession with the Swiss Government and the number of hours of broadcasting involved. Another factor was concern about their degree of control over what had to remain a Swiss company.

It is believed, however, that relationships between shareholders and suppliers were also

a factor.

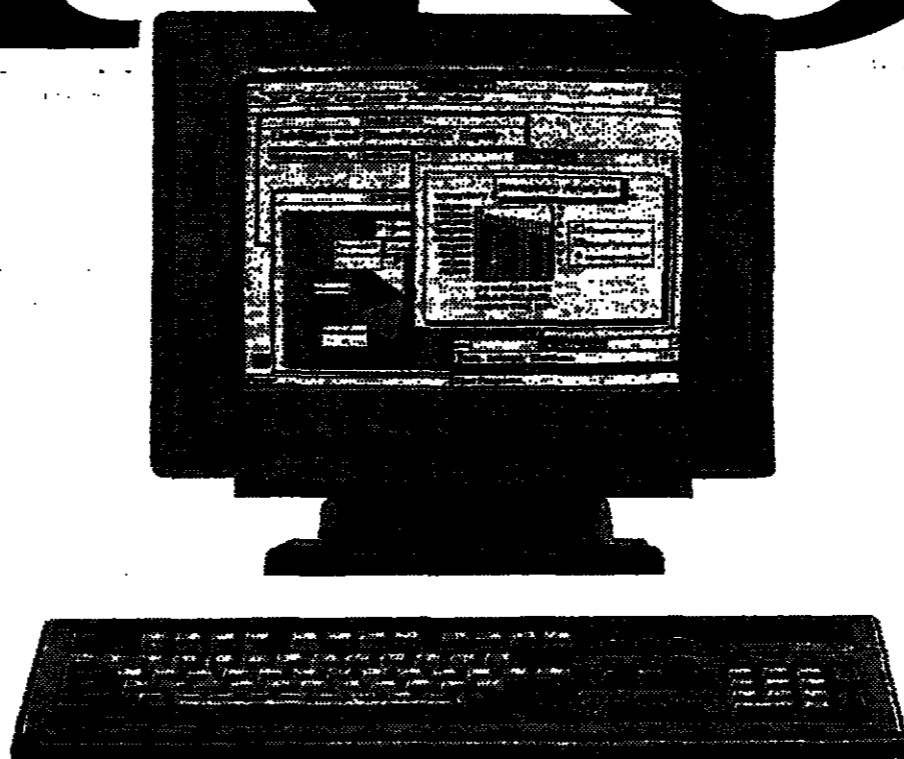
The main technical services for EBC are provided by a company called Linelight which is in turn controlled by Black Box, a holding company which is the second largest shareholder in EBC with 15 per cent.

Mr Felix Mathys, a Swiss businessman, controls 62.5 per cent through his company AWF. Thames Television, Britain's largest independent television company, initially had a 15 per cent stake in the venture. But Mr Richard Dunn, Thames managing director, warned in 1988 that the cost structure could not be sustained by likely earnings. Although still an EBC director Mr Dunn played no further part in the company and allowed the Thames stake to be diluted to 1 per cent.

EBC transmits half an hour of business news in English and German at breakfast time, and is later repeated. It is carried on a wide range of satellite channels including Sky One, Sky News, Super Channel and, in West Germany, RTL Plus and Sat.1.

The Time Warner stake was meant to finance not just a continuation of the service but also fund an ambitious expansion to six hours a day broadcasting in September.

Instead the channel is now fighting for survival in an increasingly competitive market. Two new European business services have recently started - a joint venture between CNN and the Financial Times and European Business Today launched by Clark Production.

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## UK NEWS

## BNFL to view nuclear schemes

By David Thomas, Resources Editor

PROPOSALS for new nuclear power stations will soon be presented to British Nuclear Fuels, the state-owned nuclear reprocessing company, by the world's leading power plant manufacturers.

BNFL said yesterday Mitsubishi of Japan, Westinghouse of the US, Framatome of France, Asea Brown Boveri, the Swedish-Swiss group, and

KWU, a subsidiary of Siemens of West Germany, are expected to submit proposals by about the end of August.

Mitsubishi said in Tokyo that its feasibility study was for a plant worth about 300m Yen. Mitsubishi has yet to decide whether to propose one 1,200 megawatt reactor or two 600 MW reactors, but it will use the reactor design it has

developed for Japanese power stations.

Mr Derek May, BNFL's director of corporate development, said yesterday that the company was seeking a reactor design which was well proven in other parts of the world. "There isn't exactly a glut of orders around the world at the moment, so all the big suppliers have shown an interest."

## CAA allocates £750m to boost airport safety

By Paul Abrahams

MORE than £750 million is to be invested in sophisticated air traffic control technology to improve passenger safety and cope with increasing traffic, the Civil Aviation Authority announced today.

CAA chairman Sir Christopher Tugendhat told a news conference: "Our aim is to improve safety as well as to increase capacity."

The money will be spent over seven years in response to predictions that air traffic through London will increase by as much as 30% by 1998.

Mr Derek McLachlan, director-general of projects and engineering, said he hoped to see an improved conflict alert system by the late 1990s.

This would detect 20 minutes in advance aircraft likely to fly too close to each other. Present systems can give only a five-minute warning.

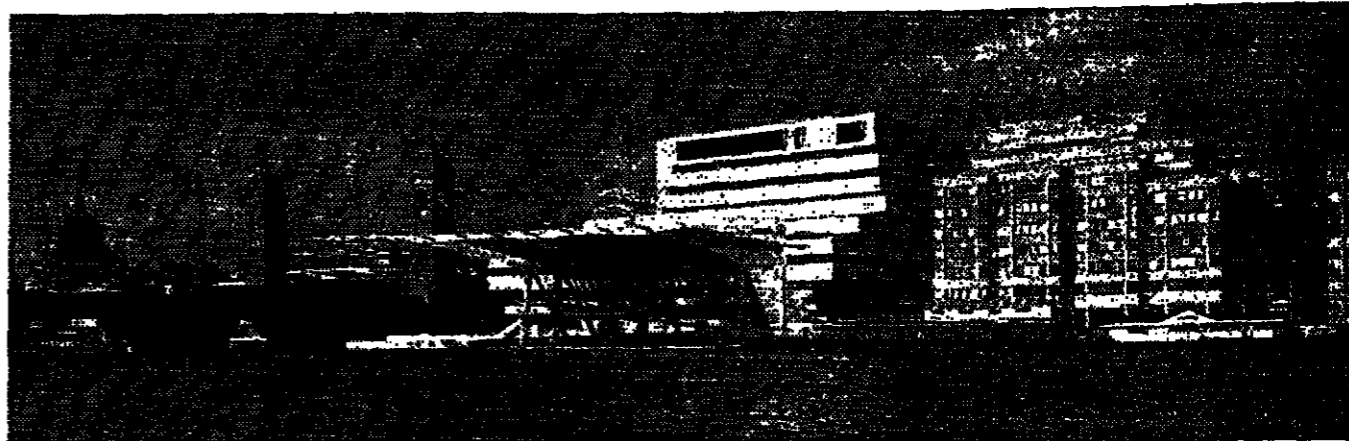
He forecast that air traffic controllers would soon have bigger and better radar displays and improved computer back-up.

One of the most significant projects in the investment plan is the central control function (CCF) which is expected to increase the capacity of London's present sky lanes by using so-called "tunnels in the sky."

Other key elements include a Scottish radar programme and a new en route air traffic control centre outside the CCF. This would cope with the predicted 40% increase in air traffic capacity over the rest of England and Wales by 1998.

The CAA also spoke of the possibility of another London runway by early next century. More air traffic controllers will also be employed.

Sir Christopher added that these investments were crucial to Britain, and called for a Europe-wide air traffic control strategy.



An artist's impression of the proposed City heliport, with present riverside buildings

## Heliport storm over the Thames

By Paul Abrahams

THE PEACE of the City of London is being given by helicopter blades. The great and the good of the Square Mile are drawing up in opposing battle-lines to contest the right of a Hanson-led consortium to build a City heliport next to Cannon Street Station on the Thames.

Today the two sides opposing and proposing the heliport will clash at the City Corporation's Court of Common Council when it will decide whether to give its assent for the heliport's construction.

The battle-order of the two sides is impressive. Lords, knights and gentlemen abound. In the green corner, amongst others, is the seventh Lord Camoys, otherwise known as the deputy chairman of Barclays de Zoete Wedd (clubs: Boodle's and Pratt's);

Jain Vallance, chairman of British Telecom; the benches of the Honourable Societies of the both the Inner and Middle Temple; the liverymen of the Worshipful Company of Fishmongers; and those of the ecologically somewhat doubtful Worshipful Company of Tobacco Pipe Makers and Tobacco Blenders.

In the other corner is a consortium called City of London Heliport, led by among others, Lord Hanson (clubs: Boodle's, Huddersfield Borough) and Sir Kit McMahon, chairman of Midland Bank, together with companies such as the Carroll Group, BAA, formerly British Airports Authority, and Trafalgar House. Their proposals are backed by worthy institutions such as the Stock Exchange, Lloyd's, the Confederation of British Industry and the London Chamber of Commerce and Industry.

The decision today by the Court of Common Council will not be definitive. The Secretary of State for the Environment has called the matter in for a public inquiry. But City of London Heliport admits the council's decision will not be academic and the Secretary of State is likely to note its advice. The City Corporation, which discussed the issue earlier this month, has recommended the council to block the heliport.

The main objections to the plan are linked to environmental and safety issues. Lord Camoys explains that the numerous take-offs and landings at the heliport would intrude heavily on buildings throughout the City. This

would be particularly true in the old single-glazed hall of the City livery companies and in the Inns of Court.

City chairmen are now talking apparently knowledgeably about NNI - which the Civil Aviation Authority explains is a composite measure of exposure to aircraft noise taking into account the average peak noise level and the number of aircraft in a specific period.

Sir Gordon Booth, a director of City of London Heliport, explains that after taking off the helicopters would fly along the river until they reached a height of 1500ft when they could fly directly to their destinations. He argues that at this height the amount of additional sound from the helicopters to the existing ambient noise is minimal. He says that a trial at the City of London School demonstrated there was not a noise problem.

Naturally, those objecting to the scheme disagree. The Worshipful Company of Fishmongers recently carried out tests at its hall, the results of which it describes as disastrous. Apparently, conversation became impossible.

A further objection is the question of safety. British Telecom has pointed out that the heliport will be right next to the company's international exchange. If an accident were to occur, the City's overseas communications could be severely disrupted.

Sir Gordon says the risks of accidents are minimal. The aircraft which would be used at the heliport are twin-engine. Similar helicopters have operated at the Battersea heliport for 31 years during which there have been only four incidents, none of which was fatal.

Busy heliports already operate in New York and Paris. But those in the City gleefully expecting to use the heliport to whisk them off to Heathrow or Epsom over London's disordered traffic problems may be disappointed, however. One accusation that can successfully be leveled at the proposed heliport is elitism. The aircraft which would be licensed to operate from Cannon Street are normally configured to carry a maximum of about six passengers. With only about 20 take-offs and landings each working day, there will be room for a few Lords, the odd knight, but few ordinary ladies and gentlemen.

## Ministers face attack over N-power privatisation

By David Thomas, Resources Editor

TWO CABINET Ministers, Mr Cecil Parkinson and Mr Malcolm Rifkind, were severely criticised yesterday by the Conservative-dominated Commons Energy Committee for mishandling the attempt to privatise Britain's nuclear power stations.

Its report on the cost of nuclear power, published yesterday, contains one of the sharpest attacks on Government incompetence ever issued by a select committee.

The report is scathing about the long-term failure of the Department of Energy to monitor adequately the costs of nuclear power.

It also criticises aspects of the advice on nuclear costs given by Kleinwort Benson, which remains the Energy Department's merchant bank for electricity privatisation. Kleinwort Benson refused to comment last night.

The need to subsidise nuclear power to the tune of £900m a year through a levy on electricity bills, the creation of a less than fully competitive privatised electricity market and the collapse of the pressurised water reactor nuclear pro-

gramme are some of the consequences of the Energy Department's mistakes identified in the report.

Mr Parkinson was the Minister initially responsible for electricity privatisation until he was moved to his present post of Transport Secretary.

The report says he made inadequate preparations for the privatisation, failed to obtain the necessary information, gave insufficient priority to nuclear issues and paid insufficient attention to the advice of his financial advisers.

Mr Rifkind, responsible for electricity privatisation in Scotland as Scottish Secretary, committed similar errors and presided over the "inexcusable" mistake of not trying to find out the true cost of nuclear generation until late in the day.

Mr John Wakeham, who abandoned the attempt to privatise nuclear power in November after he had succeeded Mr Parkinson as Energy Secretary, last night tried to rescue his predecessor's reputation.

"Cecil deserves real credit for his determined action (in

launching electricity privatisation)," said Mr Wakeham in a letter to the energy committee, which also criticised the report for containing "unjustified personal criticisms."

However, Lord Marshall, who resigned as chairman of the Central Electricity Generating Board in November after the collapse of the attempt to privatise nuclear power, was also strongly critical of Mr Parkinson.

"I told Cecil Parkinson right at the beginning of the privatisation process that if he adopted his particular scheme for privatisation, he would be forced to kill off nuclear power," said Lord Marshall.

A row broke out yesterday at a press conference held by the select committee to present its report, when two Conservative MPs, Mr Malcolm Moss Moss and Mr Michael Stern, dissociated themselves from the paragraphs criticising Mr Parkinson.

The Conservative majority on the committee had removed an attack on Mr Parkinson for behaving in a "dilettante" manner from an earlier draft of the report.

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## Elf enters industrial gas market

By Steven Butler

ELF Aquitaine, the French state-controlled oil group, has indirectly entered the UK industrial gas market by acquiring a 45 per cent stake in Associated Gas Supplies (Agas), which has been struggling to establish itself in competition to British Gas as a supplier to industrial and commercial consumers.

Elf's presence as a large shareholder in the company looks certain to boost Agas's chances of successfully claiming a place in the market. Agas's efforts to negotiate a contract for gas supplies have

so far proved fruitless, with gas producers preferring to sell gas either to British Gas or to power stations.

However, Mr Pierre Moussel, managing director of Elf UK, said: "We could help them to have gas supply for their contracts." Elf has a number of gas discoveries which could potentially be made available to Agas. Both Mr Moussel and Mr Alan Marshall, managing director of Agas, stressed that deals between companies would be conducted on an arms-length commercial basis.

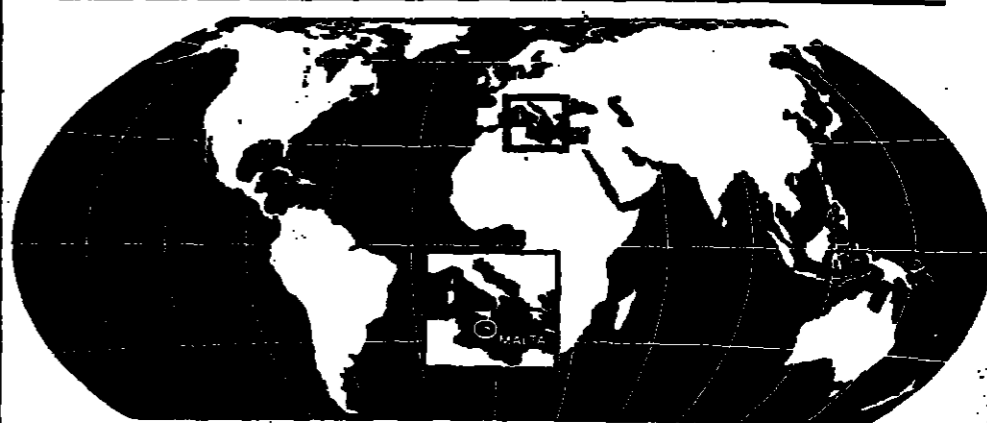
Mr Moussel said that Elf, as a large, committed participant in the British market, would lend stability to Agas and increase its credibility with customers.

Elf purchased the stake from Hudson, the US energy company whose business had come under pressure in the US. Hudson was a founding shareholder with Associated Heat Services, which retains its controlling 55 per cent interest.

Elf has spent hundreds of millions of pounds to expand its presence in the UK in both oil exploration and production, and refining and marketing.

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## UK NEWS

## ALLEGED LONDON SHARE DEALING RING

## City brokers' records face scrutiny

By Andrew Freeman

THE records of up to 15 different brokerage houses are being examined by the Serious Fraud Office and City regulators investigating an alleged share dealing ring connected to the collapsed Dunsdale Securities company.

The involvement of the SFO emerged yesterday as attempts to track down illicit deals emerged and further details emerged about the events which triggered Dunsdale's collapse.

The brokers, one of which handled a large proportion of Dunsdale's business in the months before its suspension, were used by the investment firm to make its share transactions.

A dealing ring is based around an agreement between employees of different securities houses to pool price sensi-

tive information for the purpose of making illegal trading profits.

City regulators are concentrating their investigations on a handful of individuals, at least two of whom were recently suspended by their City firms - the Swiss Bank Corporation and Barclays De Zoete Wedd.

However, there is considerable confusion over how far the Serious Fraud Office would be able to pursue any individuals involved with accounts held by Dunsdale. In particular, it is not clear whether existing insider dealing laws involved a technique known as front-running.

This is where parties deal in the market knowing that a large transaction is about to occur which will move prices

in their favour. Although this is in breach of City securities regulations, officials say it might not be enough to bring charges.

The individual who left Swiss Bank Corporation last week was Mr Gareth Robertson, the former director of the bank's equities group. Regulators from The Securities Association have questioned him concerning allegations over share dealings connected with Dunsdale. Mr Robertson is in France according to neighbours and not available for comment. The TSA would not comment.

Sources close to the bank said Mr Robertson introduced SBC to Dunsdale Securities. As a result of subsequent dealings, SBC lost around £1.1m which it is trying to recover.

In particular, investigators

are looking at a deal in which SBC purchased 1.6m Reuters shares from Dunsdale which later went badly wrong.

The transaction involving the Reuters shares may have precipitated the collapse of Dunsdale when the firm could not pay for the losses. The failure to pay alerted SBC to Mr Robertson's involvement.

However, SBC said it had no evidence of a share dealing ring.

The Investment Managers Regulatory Organisation (IMRO) is separately making inquiries into the case of a senior fund manager suspended by Barclays de Zoete Wedd Asset Management. Mr Roland Smith, deputy chief executive of IMRO said he was not in a position to make any comment.

## BRITAIN IN BRIEF



## Overseas companies spend £5bn

Overseas companies spent almost £5bn on UK-based acquisitions during the first quarter of the year - easily outstripping the £2.7bn expenditure by UK companies on foreign transactions.

The figures confirm the growth in UK acquisitions by non-domestic companies - a trend which appears to have been stimulated ahead of the "1992" harmonisation measures in Europe. That development has stimulated interest both from Continental European purchasers and from US/Japanese buyers. In the past three years, according to Central Statistical Office figures, acquisitions in the UK by overseas companies have totalled £2.7bn, £5.7bn and then £11bn respectively.

According to figures published yesterday by the CBO, buyers from the European Community accounted, by value, for about one-quarter of the £4.8bn cross-border deals in the UK. They struck 12 transactions, with a value of £1.36bn.

## Labour seals reform package

The opposition Labour Party, led by Mr Neil Kinnock, last night set the seal on a package of internal reforms intended to vanquish, in the run-up to the next general election, the old image of an undemocratic party firmly in the grip of the trade unions.

They are intended to lead to a more deliberative form of policy-making and gradually to reduce the influence of the unions in favour of individual party members.

The reforms are among the most fundamental since the party's constitution was written in 1918 and will go to

Labour's autumn conference for approval.

Mr Neil Kinnock believes that the overhaul of the policy-making machinery rank equal in importance alongside his party's policy review and his grip on the ruling national executive committee has enabled reforms previously considered unthinkable to win majority support. The NEC voted for the changes by 21-3.

He said yesterday said the proposals represented "an excellent step forward, both for democracy in the Labour party and effectiveness of our process of policy development".

Though there is concern among the trade unions among the prospect of a diminishing voice in policy-making, Mr Kinnock has managed to win the backing of many by drawing them into the dialogue on proposed changes.



Kinnock: backs reform

## US touts at Wimbledon

Wimbledon officials yesterday held talks with their lawyers to find ways of stamping out American crime rings believed to have moved in on the tournament's ticket touting business.

Criminals squeezed out of New York where touting has been banned by tough legislation have moved to England where legal restrictions are more lax, officials believe.

They say it is not just Wimbledon that attracts American crime syndicates.

## Doctors plan offensive

Doctors leaders decided yesterday to launch a summer offensive against the

Government's health reforms to coincide with the changes becoming law.

The National Health Service and Community Care Bill is about to receive the Royal Assent, probably tomorrow. But delegates to the British Medical Association's annual conference in Bournemouth yesterday affirmed their determination to maintain opposition to the plans as the Government prepares to implement them from next April.

The BMA has already spent £2.5m in a campaign of opposition to the reforms.

## Lloyd's makes £509m profit

The £509m pre-tax profit made by Lloyd's of London, the insurance market, in 1989, results which under Lloyd's three year accounting system were announced yesterday, shows that the 300 year old institution, often denounced as obsolete, can still produce large rewards for its 28,386 members.

For a Lloyd's member with a £10,000 commitment to an aviation syndicate in 1987, at a time when aviation insurance rates were high, yesterday's results mean a profit of £2,080. Given that the £10,000 underwriting commitment may be invested elsewhere the member or "Name" effectively uses his money twice.

## SE information under attack

A sharp attack on the Stock Exchange's monopoly of market sensitive information was delivered yesterday by Sir Gordon Borrie, Director General of Fair Trading.

The exchange had "significantly restricted, distorted and prevented competition" in the market for company news, he said.

In a report to Mr Nicholas Ridley, Trade and Industry Secretary, Sir Gordon said the exchange was able to exploit its privileged early access to information acquired for regulatory reasons to build up a dominant position in the company news market through Topic, its news service.

Sir Gordon noted that the exchange had not set out to be anti-competitive and was proposing arrangements which would be introduced at the end of this year. He was also

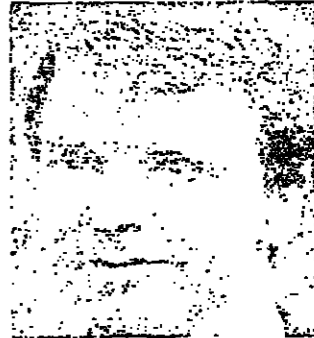
concerned about the cost of the new plans and delays in introducing them.

## Minister backs Italian tactics

The tactics used by the Italian police to deal with English football hooligans at the World Cup were strongly defended yesterday by Mr Colin Moynihan, the Sports Minister, following Labour accusations that innocent people had been among those arrested.

Mr Denis Howell, the shadow Sports Minister, had complained that it was a disgrace the Italian police had arrested people miles away from any incidents.

After the worst outbreak of hooliganism in Rimini, 247 England supporters were



Colin Moynihan

deported by the Italian authorities.

However, Mr Moynihan congratulated the Italian police on their "tough, swift and effective" actions.

## Warning on telecoms market

The Government was warned yesterday against introducing too much competition into the telecommunications market.

Sir Bryan Carsberg, the Director General of the Office of Telecommunications, said yesterday that competition in the UK could "decrease the value for money."

Sir Bryan's said in the annual report of OfTel, the industry's regulatory authority, the Government would have to weigh up the advantages of improved efficiency that competition would bring against the disadvantages from lost economies of scale.

## Gentle note ends the Rover affair

Lucy Kellaway and Charles Leadbeater on the Brussels ruling

Contrary to its billing, yesterday's long-awaited European Commission decision on Rover was not the main event. In musical terms it was the coda - the notes which bring a piece to a satisfactory close.

That was how Sir Leon Brittan, the Competition Commissioner, chose to present the demand that British Aerospace must repay £44m in state aid granted illegally.

The main body of the music, he said, was the Commission decision in 1988 to cut from £800m to £469m the subsidy the British Government was proposing to pay Rover's new owner.

Sceptics might argue that by emphasising how tough the Commission's original verdict on Rover was, Sir Leon was simply seeking to deflect criticism from what many argued was a soft decision yesterday. Many feel that Rover has got off rather lightly.

The most doubtful part of Sir Leon's sums was the original price paid for Rover by British Aerospace. In trying to prove that there could be no case for demanding a higher payment, Sir Leon seems to have used some creative arithmetic, pull-

ing out of the hat a surprise extra £40m British Aerospace might have to repay some time next year.

This amount turns out to be uncontroversial, simply representing an estimate of unpaid aid paid against the restructuring of Leyland/DAF trucks.

Regardless of the exact sums, the Commission's seven-month inquiry into Rover/Bae has demonstrated the difficulty of establishing objective valuations based on sealed bids.

The whole experience is one Sir Leon does not seem anxious to repeat. "I personally would not be enthusiastic about calculating state aid in the future on the basis of closed deals," he said.

With the touchy matter of undervaluation resolved - no doubt to the great relief of the Government and British Aerospace - the remaining area of potential dispute will be over the notional benefit of deferring the £150m purchase price from July 1988, when it was due to be paid, to March 1990.

The National Audit Office and the Government value this deferral at £22m, but the Commission argues that it never takes national tax rates into

account in calculating these benefits, and is insisting on its figure of £33.4m. The Government is not likely to contest it.

Meanwhile, Sir Leon may have to put up with some complaints of partiality, but at least he can reply that his demands are not as weak as all that. He is asking for more back than the £38m sweeteners found by the National Audit Office.

The repayment of £44m will have little impact on British Aerospace's finances. The higher borrowing needed to make the repayment would account for just 2 per cent of profits. Even if Bae has to repay the further £40m, analysts say it will have acquired the car company cheaply.

Details of the Rover joint venture with Honda, the Japanese motor manufacturer, valued Rover at £200m, while Ford initially calculated it would have been prepared to pay between £400m and £600m.

The Commission's insistence that Bae should not be given favourable tax treatment is unlikely to significantly increase its tax bill. Although the financial

aspects of the ruling are unlikely to have any long term impact on Bae, it may affect the character of its relations with the Government as it copes with declining military spending.

But the defence cuts are straining the company's relations with the MoD and the Commission's ruling is a signal that it will take a close interest in the state aid involved in privatisation. That may force the Government to make its relations with Bae more transparent. One of the most important consequences may be to force the Government to reconsider how it handles the sale of state corporations to private bidders, probably ruling out sales in which a bidder is awarded exclusive negotiating rights. There will be much closer scrutiny of profits forecasts, the valuation of land and minority shareholdings, all of which the National Audit Office says were underestimated in the Rover case.

The real significance of yesterday's decision is that the Commission, like an inquisitive neighbour, is likely to scrutinise the propriety of that relationship just as it comes under increasing pressure.

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## BUSINESS LAW

## US Court of Appeals rules SEC overstepped its authority

By Leo Herzl and Richard W. Shepro

ON JUNE 12, the US Court of Appeals in Washington DC decided unanimously that the Securities and Exchange Commission had overstepped its statutory authority in issuing Rule 19c-4, which, in general terms, prohibited a publicly traded company from issuing shares that would impair the voting rights of public common stockholders. The court referred to the SEC's rule as a "bad gamble."

Share voting is in itself a very important issue. However, the significance of this decision goes far beyond share voting.

First, there are several other instances where the SEC's statutory authority to issue an important rule is in question. The SEC's statutory authority to issue Rule 14d-10, which requires equal treatment of target shareholders in a tender offer, can be questioned on the same grounds as the court applied to Rule 19c-4.

Furthermore, in May, when the US Court of Appeals in New York reversed a criminal conviction for insider trading by a two to one majority, one of the two judges in the majority said that the SEC had exceeded its statutory authority in issuing Rule 14c-3 which prohibits insider trading in connection with tender offers.

Unlike Rule 10b-5, the SEC's general anti-fraud rule on

insider trading, Rule 14c-3, which is also an anti-fraud rule, attempts to impose liability for insider trading even when there has been no breach of fiduciary duty.

Second, the court's decision on Rule 19c-4 is an excellent example of the SEC's troubles with the conservative federal judges appointed by Presidents Reagan and Bush. These judges lean toward strict interpretation of statutes; statutes mean what the words say. Moreover, conservative judges usually have soft spots for leaving as much as possible to markets and individual states.

In its Rule 19c-4 opinion, the court said that it had been the intent of Congress that the main business of the SEC under the Securities Exchange Act of 1934 would be disclosure. Corporate governance in particular, the court said, is out of bounds.

The SEC argued that its responsibility to oversee stock exchanges, other national capital markets and the solicitation of shareholder proxies is broad enough to encompass the issuance of rules that regulate shareholder voting.

However, in the court's view, if the SEC could use this theory to justify Rule 19c-4, the outcome would be that the SEC could "establish a federal corporate law by using access

to national capital markets as its enforcement mechanism."

In the mid-1980s, several public companies took advantage of flexible state corporation laws and competition among stock exchanges and computerised and over-the-counter trading systems, to reorganise themselves to give some shares of common stock more voting power than others.

Three large family-controlled newspaper businesses, for example, the parent companies of the New York Times, the Washington Post and the Wall Street Journal, all perfected dual common stock voting structures to assure continued family control. Hershey Foods, General Cinema and several other prominent industrial companies joined in what became a controversial anti-takeover trend.

Most of these companies sought and obtained prior approval from public shareholders for their recapitalisations, usually in exchange for a slightly higher dividend. Begged on by institutional investors, the SEC took steps in July 1988 to end this competition by adopting Rule 19c-4. However, the SEC's statutory authority to issue the rule was questioned from the start, including by one of its own commissioners.

The rule that was finally adopted was a compromise. It prohibited a public company from issuing shares that diluted the voting rights of outstanding public shares but it did not interfere with companies that already had a dual common stock voting system in place. Nor did it stop companies that were becoming public for the first time from selling low-vote shares to the public.

By restricting the freedom of shareholders and management to make their own contracts, the rule reversed the Reagan Administration SEC's usual position of deference to the free market.

Many ardent free market proponents, however, applauded these restrictions on the ground that in this instance shareholders needed protection from themselves. Incongruously, this is the same argument that target boards use to justify defensive tactics in takeovers. The main point of the argument is that coercive incentives sometimes can prevent shareholders from co-operating in their self-interest.

Although the court struck down Rule 19c-4 for lack of statutory authority, the SEC's policy behind the rule is not beyond question. Companies which adopted dual class voting systems, with shareholder approval, may have been forg-

ing a harmonious bargain that benefited both shareholders and the control group.

According to the SEC, and other studies, these companies tended to be unusual. They had much higher insider holdings than other companies; showed, on the average, superior performance before the recapitalisation; and their share prices increased after the new voting plans were announced. When large non-monetary benefits can be obtained from control, maximum share price may not be the owners' first concern.

Owners of a family-controlled newspaper, for example, may regard the paper as a means of furthering their political philosophy and desire for public service. The newspaper may also provide congenial employment for some family members and social prestige for others. When the newspaper becomes a public company, the family may, therefore, be willing to sacrifice some economic return to assure their continued control. The public shareholders are left with the bargain they made.

If the change in voting rights occurs after there are public shareholders there still does not appear to be any ground for complaint. The public shareholders knew about family control when they bought

their stock. But, under Rule 19c-4, once the company had public shareholders it was too late to change its voting structure - or so it seemed.

Surprisingly, however, only a month or two ago, the SEC gave its approval to a dual class recapitalisation for Playboy Enterprises, which was already listed on the NYSE. Mr. Hugh Hefner, who owns more than 70 per cent of the company, voted his shares in favour of the recapitalisation; the public minority was given no voice in the decision. Considering that ruling, one wonders why the SEC was so eager to have Rule 19c-4.

It appears unlikely that the SEC will seek a Supreme Court review of the Court of Appeals' decision. The chances of success with that quite conservative court appear slim. There is also a risk that the Supreme Court might say something in its opinion that could cause the SEC extra damage.

Unless the Administration and Congress can be persuaded that a statutory change is desirable, a federal one-share-one-vote rule is dead. With scepticism about hostile takeovers so widespread, the chances of quick action by either the Administration or Congress appear remote.

Relief from the individual states is even less likely. They

have never shown an inclination for a rigid one-share-one-vote rule. Nor is this the time to expect pro-takeover legislation from them.

None the less, it appears highly unlikely that there will be a rush by companies to two classes of common shares. The device is suitable only in very special circumstances, such as when there is already a majority, or very large, shareholder group in control.

Moreover, there is no legal reason why stock exchanges and other associations of securities dealers registered with the SEC could not adopt their own one-share-one-vote rules, although, as in pre-Rule 19c-4 days, competition for business among them may make such a policy difficult to maintain without some uniform legal compulsion from the outside.

In addition, there are now plenty of other takeover defences available to most companies under state laws. 1. *The Business Roundtable v Securities and Exchange Commission*, No 88-1651 (DC Cir, June 12, 1990).

2. *US v Chestman, Fed Sec L Rep*, 95,214 (2d Cir, May 2, 1990).

The authors are partners in the Chicago office of the law firm of Mayer, Brown & Platt.



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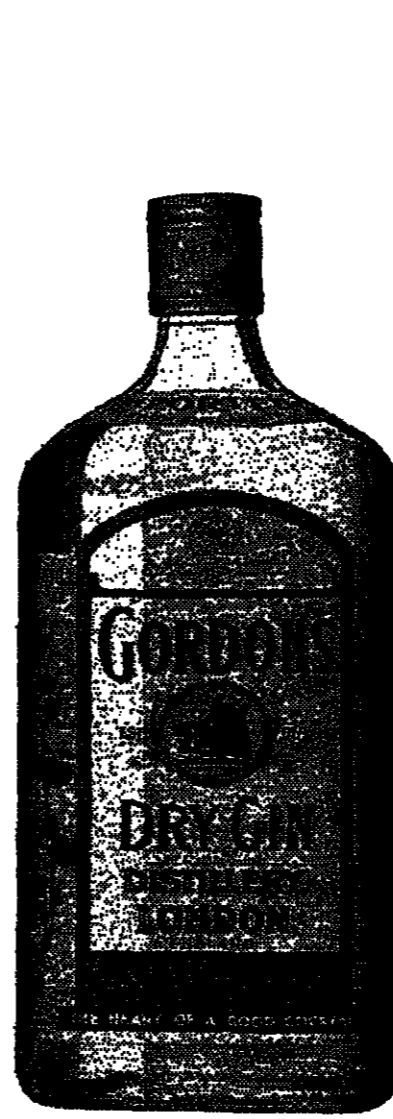
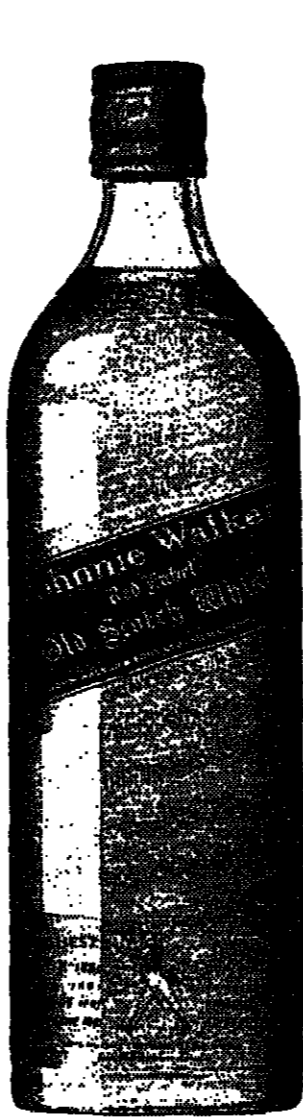
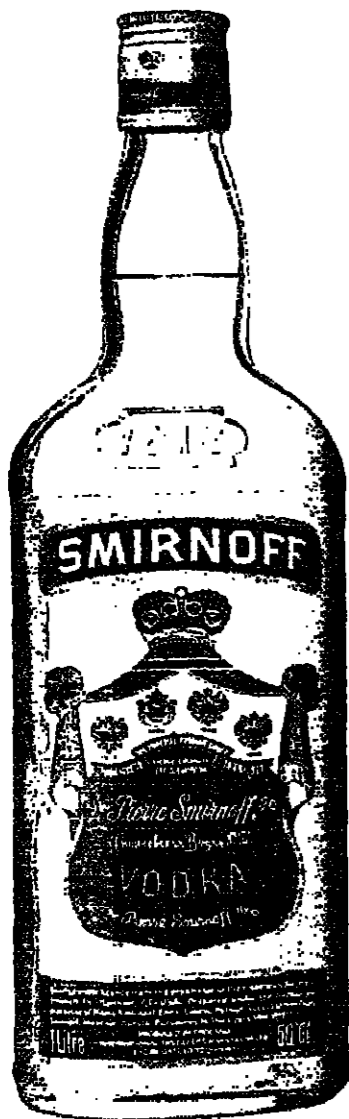
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## INTERNATIONAL COMPANIES AND FINANCE

## State seeks solution to Framatome wrangle

By William Dawkins in Paris

THE French Government is considering a fresh solution to the politically charged three-month wrangle for control of Framatome, the partly state-owned nuclear plant builder.

The proposal, under which France's CEA atomic energy commission would take a majority stake in Framatome, is expected to be forwarded shortly to Mr Pierre Suard, chairman of Compagnie Générale d'Electricité (CGE), the privately owned company at the heart of the row.

CGE missed a political storm recently by boosting its stake in the plant builder to 52 per cent, upsetting the previous balance in favour of the state.

The Government wants to regain control, because of the group's strategic importance in a country which gets 80 per cent of its electricity from nuclear power stations, the highest proportion in the world.

The Administration is under growing political pressure for a quick solution from the Socialist Party, which is planning to propose a law nationalising Framatome. This would be contrary to President François Mitterrand's policy of allowing neither nationalisations nor privatisations.

Under the plan, the latest of several possible solutions, CGE would be invited to sell 6 per cent of its shares to CEA Industrie, a division of the atomic energy commission, or to Cogema, the CEA's nuclear fuel subsidiary.

CEA Industrie owns 35 per cent of Framatome. Cogema would take over another 10 per cent, now held by Electricité de France, the public electricity utility, so giving the CEA direct and indirect control of 51 per cent of Framatome's shares.

CGE says the Government has made contact, but it has not yet received firm offers. Mr Suard has always argued that CGE took a majority in Framatome for solid industrial reasons, because of the shared interests with CGE's power generation business, but he is ready to sell at a market price if there is no agreement. Fr

## Reshuffle at Wagons-Lits brings in new partnership

By George Graham in Paris and David Buchan in Brussels

WAGONS-LITS, the Belgian travel and tourism group, last night set the seal on a far-reaching reshuffle of its shareholding and management structures which will bring Accor, the French hotel company, into a key position in its organisation.

The restructuring places Wagons-Lits under the control of a Franco-Belgian partnership composed of Société Générale de Belgique (La Générale), the Belgian holding company, Caisse des Dépôts et Consignations, the French state financial institution, and Accor.

Sodexho, the French catering company which has taken an 18 per cent stake in Wagons-Lits and whose chairman, Mr Pierre Bellon, has been joint chief executive with Mr François Boyaux since last year, appears to be pushed into second place.

Bruxelles Lambert, the Belgian financial group, will sell its 26.75 per cent stake in Wag-

ons-Lits to La Générale which will, in turn, transfer this stake to a company held jointly with Accor. La Générale is already the leading shareholder in Accor with 12 per cent.

La Générale, which will take 19.5 per cent straight away with an option on the remaining 7.25 per cent exercisable up to July 1 1990 said it had paid "significantly over the market rate" for the stake, which would value it at more than \$650m.

The 26.75 per cent held by La Générale and Accor, with Caisse des Dépôts' 28 per cent, will form a majority, although Sodexho's 18.6 per cent could, with 6.75 per cent still held by Sodexho, a Saudi Arabian group, form a blocking minority under Belgian company law.

Vicomte Etienne Davignon, chairman of La Générale, was last night expected to take over as chairman of Wagons-Lits' permanent committee, while Mr Jean-Marc Simon, head of

CSD, an investment subsidiary of Caisse des Dépôts, was set to replace Comte Jean-Pierre de Launoy, a representative of Bruxelles Lambert, as chairman of the board.

Mr Robert Zoladz, director of strategy and development at Accor, is expected to become joint chief executive of Wagons-Lits, but Mr Bellon is expected to drop the post within a year.

Bruxelles Lambert, which had backed Sodexho's entry into the group and had also wanted to sell Wagons-Lits' Pullman hotels division to Trusthouse Forte of the UK, appears to have fallen out with the other major shareholders, including Mr Robert Lion, chief executive of Caisse des

Dépôts, who has been eager to develop a substantial European tourism group by fostering links between its various investments in the sector. Earlier attempts to marry Wagons-Lits with companies such as Havas Tourisme have failed.

## Krupp increases losses to DM452m

FRIED, Krupp, the West German diversified steel and engineering group, said group net losses widened to DM452m (\$270m) in 1989 from a loss of DM202m a year earlier, AP-DJ reports.

However, it predicted a return to profitability in 1990.

The wider shortfall reflected losses on the sale of some divisions and a large one-time loss of DM705m resulting from book-keeping moves aimed at strengthening the company's balance sheet.

Similar moves were also behind the 12 per cent drop in 1989 net profits reported earlier at Krupp's steel division, Krupp Stahl.

Fried, Krupp said group operating profit rose to DM410m in 1989 from DM217m a year earlier and sales, as reported, advanced to DM17.7bn from DM14.7bn in 1988.

The company said that, after a difficult year, it was heading for higher profitability. "The business year 1989 was a turning point for the Krupp group; the burdens of the past have been digested," said Mr Gerhard Cromme, chairman.

In the first six months of 1990, operating profit was more than a third higher than in the year-earlier period, Mr Cromme said. He did not give details.

He predicted that divisions accounting for 91 per cent of the company's sales would have a "clearly positive" operating result in 1990, up from 73 per cent in 1988.

Mr Cromme said the troubled plant-building division had also "emerged from the valley of tears." After losses totalling about DM1bn in recent years, Mr Cromme said the division had been restructured to cope with future challenges.

Warta, the West German battery maker, said its worldwide group sales in the first five months of 1990 rose 8 per cent to DM794m over the same period last year.

Mr Guenter Mordhorst, chairman, said the Bad Homburg-based company's financial performance in the opening months of 1990 was "not bad."

## De Benedetti warns Berlusconi of limit to Mondadori talks

By Haig Simonian in Turin

MR Carlo De Benedetti has warned his rival, Mr Silvio Berlusconi, that the door to a negotiated settlement of the crisis at Mondadori, the Italian publishing group, will not stay open indefinitely.

In his first comments to the press after last week's arbitrators' decision backing his claim to a crucial 25.7 per cent stake in Amef, the holding company which owns a bare majority of Mondadori's ordinary shares, Mr De Benedetti's position has hardened appreciably.

Speaking at the annual meeting of CIR, his holding company, Mr De Benedetti said he remained ready to hold direct talks with Mr Berlusconi. However, any settlement would have to "bear in mind reality," and notably "who has the majority and who has the minority."

The comments come in the run-up to three decisive Mondadori shareholders' meetings on Friday to approve the group's 1989 accounts, vote on the two separate rights issues put forward by the De Benedetti and Berlusconi factions and appoint a new board.

With "ordinary" and "extraordinary" meetings due to span the day from 10.00am to 7.00pm, it is probable that Mr De Benedetti will succeed in his aim of unseating Mr Berlusconi as chairman.

However, the new board will still not entirely reflect Mr De Benedetti's position of strength following the arbitrators' ruling, as his contract to buy the crucial Amef stake only becomes operational on January 31 1991.

In the meantime, officials appointed by the court, which sequestered the Amef shares pending a resolution to the quarrel over their ownership, are likely to play the same central role on the new Mondadori board as they have on Amef's new board of directors appointed in May.

The Amef board, on which the court has the casting vote, has already decided to support neither of the proposed rights issues, and Mr De Benedetti said he would be willing to accept a postponement.

de Benedetti and Berlusconi factions and appoint a new board.

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## E German investment by Siemens

By Andrew Fisher

SIEMENS, the West German electrical and electronics concern, is planning to invest more than DM1bn (\$585m) in East Germany in the next few years and is currently working on some 30 projects.

It said it expected to employ between 25,000 and 30,000 people in East Germany, with turnover building up to over DM5bn.

In its financial year to September 30 1989 the group's worldwide turnover totalled DM61bn. Its year-end employ-

ment figure was 385,000 people, of which 227,000 were in West Germany. Capital spending last year amounted to DM7.9bn.

Siemens' main activities in East Germany will be in the fields of communications and data processing, energy and transport technology, factory automation, medical technology and environmental protection.

The company said it had concluded a number of joint ventures with East German

combine (industrial groups), with others planned in the lighting and household appliance sectors.

Like AEG, its much smaller rival which is part of Daimler-Benz, Siemens looks likely to play an important role in rebuilding East Germany's shaky infrastructure, especially in the areas of communications - the country's telephone system is extremely underdeveloped - transport, energy and plant modernisation.

## Mecca recommends Rank's £544m bid

MECCA LEISURE, Britain's biggest leisure group, yesterday surprised the City by recommending the hostile £544m (\$941m) takeover bid which Rank Organisation launched at the beginning of the month, writes Andrew Bell.

Mecca also revealed that Mr Michael Guthrie, its chairman and chief executive, unexpectedly underwent heart surgery last Thursday. It said Mr Guthrie was making a satisfactory recovery.

Mecca said its main reason for recommending the Rank offer was that in the present unfavourable market conditions it was unable to achieve acceptable prices for the asset disposals which were required to reduce the group's unacceptably high level of debt.

Rank's one-for-nine, all-paper offer values each Mecca ordinary share at 95.7p. Mecca's shares closed at 88½p, up 4½p on the day, and Rank shares closed down 3p at 86½p. If successful, the takeover would create Britain's largest leisure company, with annual sales of more than £1.6bn.

Lex, Page 14; Analysis, Page 27

## Sofigen holds payout after profit adjusted

By William Duffell in Geneva

SOCIETE Financière de Genève, the Swiss holding company of the group controlled by Mr Carlo De Benedetti, will pay shareholders an unchanged dividend of SF10 per bearer share and SF1 per registered share on its 1989 account. Some 240,000 bearer shares are publicly traded.

Sofigen reported at the end of April a 28 per cent rise to SF18.5m (\$13.1m) in 1989 net consolidated earnings but announced that the profit would be reduced to SF14.3m after certain investments had been adjusted to their current market value.

This week the annual general meeting approved a reorganisation under which Cerus, the French holding company of the De Benedetti group, is acquiring 75 per cent of the voting rights in Sofigen. The constellation of minority shareholders who joined Mr De Benedetti in founding Sofigen have sold their interests to Cerus. These included Swiss Bank Corporation; Zurich Insurance; Lombard, Odier & Cie, the Geneva private bank; and Hanover AG, a company owned by Mr Stephan Schmidheiny, the Swiss financier and industrialist.

Cerus is holding 74 per cent of Banque Duménil Leblé to Sofigen, which will be primarily a passive bank holding company.

Sofigen owns 9.6 per cent of Compagnie de Banque et d'Investissement; 6.8 per cent of Brown Shipley, a UK merchant bank; and 25 per cent in M&A Bank, Austria's first independent merchant bank.

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NOTICE IS HEREBY GIVEN, pursuant to the Fiscal Agency Agreement dated as of August 31, 1984 under which the above described Bonds were issued, that European Investment Bank has called for redemption on August 31, 1990 \$25,000,000 principal amount of said Bonds at the redemption price of 100% of the principal amount thereof, together with accrued interest to August 31, 1990. The serial numbers of the Bonds selected for redemption are as follows:

COUPON BONDS  
(All in \$1,000 denomination)

18	1525	3060	4623	6099	7650	9211	10661	12103	13619	15006	16482	17916	19311	20693	22189	23654	25234	26874	27999	29226	30641	32183	33672	35015	36504	38017	39513	41042	42519	44024	45510	47008	48498	50005	51512	53020	54523	56037	57573	59087	60627	62163	63706	65248	66789	68330	69871	71412	72953	74494	76035	77576	79117	80658	82199	83740	85281	86822	88363	89904	91445	92986	94527	96068	97609	99150	100691	102232	103773	105314	106855	108396	109937	111478	113019	114560	116101	117642	119183	120724	122265	123806	125347	126888	128429	129970	131511	133052	134593	136134	137675	139216	140757	142298	143839	145380	146921	148462	150003	151544	153085	154626	156167	157708	159249	160790	162331	163872	165413	166954	168495	170036	171577	173118	174659	176200	177741	179282	180823	182364	183905	185446	186987	188528	190069	191610	193151	194692	196233	197774	199315	200856	202397	203938	205479	207020	208561	210102	211643	213184	214725	216266	217807	219348	220889	222430	223971	225512	227053	228594	230135	231676	233217	234758	236299	237840	239381	240922	242463	244004	245545	247086	248627	250168	251709	253250	254791	256332	257873	259414	260955	262496	264037	265578	267119	268660	270201	271742	273283	274824	276365	277906	279447	280988	282529	284070	285611	287152	288693	290234	291775	293316	294857	296398	297939	299480	301021	302562	304103	305644	307185	308726	310267	311808	313349	314890	316431	317972	319513	321054	322595	324136	325677	327218	328759	330300	331841	333382	334923	336464	338005	339546	341087	342628	344169	345710	347251	348792	350333	351874	353415	354956	356497	358038	359579	361120	362661	364202	365743	367284	368825	370366	371907	373448	374989	376530	378071	379612	381153	382694	384235	385776	387317	388858	390399	391940	393481	395022	396563	398104	399645	401186	402727	404268	405809	407350	408891	410432	411973	413514	415055	416596	418137	419678	421219	422760	424301	425842	427383	428924	430465	432006	433547	435088	436629	438170	439711	441252	442793	444334	445875	447416	448957	450498	452039	453580	455121	456662	458203	459744	461285	462826	464367	465908	467449	468990	470531	472072	473613	475154	476695	478236	479777	481318	482859	484400	485941	487482	489023	490564	492105	493646	495187	496728	498269	499810	501351	502892	504433	505974	507515	509056	510597	512138	513679	515220	516761	518302	519843	521384	522925	524466	526007	527548	529089	530630	532171	533712	535253	536794	538335	539876	541417	542958	544499	546040	547581	549122	550663	552204	553745	555286	556827	558368	559909	561450	562991	564532	566073	567614	569155	570696	572237	573778	575319	576860	578401	579942	581483	583024	584565	586106	587647	589188	590729	592270	593811	595352	596893	598434	600000	601541	603082	604623	606164	607705	609246	610787	612328	613869	615410	616951	618492	620033	621574	623115	624656	626197	627738	629279	630820	632361	633902	635443	636984	638525	640066	641607	643148	644689	646230	647771	649312	650853	652394	653935	655476	657017	658558	660099	661640	663181	664722	666263	667804	669345	670886	672427	673968	675509	677050	678591	680132	681673	683214	684755	686296	687837	689378	690919	692460	693901	695442	696983	698424	699965	701506	703047	704588	706129	707670	709211	710752	712293	713834	715375	716916	718457	720000	721541	723082	724623	726164	727705	729246	730787	732328	733869	735410	736951	738492	740033	741574	743115	744656	746197	747738	749279	750820	752361	753902	755443	756984	758525	760066	761607	763148	764689	766230	767771	769312	770853	772394	773935	775476	777017	778558	780099	781640	783181	784722	786263	787804	789345	790886	792427	793968	795509	797050	798591	800132	801673	803214	804755	806296	807837	809378	810919	812460	814001	815542	817083	818624	820165	821706	823247	824788	826329	827870	829411	830952	832493	834034	835575	837116	838657	840198	841739	843280	844821	846362	847903	849444	850985	852526	854067	855608	857149	858690	860231	861772	863313	864854	866395	867936	869477	871018	872559	874100	875641	877182	878723	880264	881805	883346	884887	886428	887969	889510	891051	892592	894133	895674	897215	898756	900297	901838	903379	904920	906461	908002	909543	911084	912625	914166	915707	917248	918789	920330	921871	923412	924953	926494	928035	929576	931117	932658	934199	935740	937281	938822	940363	941904	943445	944986	946527	948068	949609	951150	952691	954232	955773	957314	958855	960396	961937	963478	965019	966560	968101	969642	971183	972724	974265	975806	977347	978888	980429	981970	983511	985052	986593	988134	989675	991216	992757	994298	995839	997380	998921	1000000
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6508	6718	6804	7053	7280	7384	7513	7723	7806	8041	8147	8367	8540	8714	8874	9030	9206	9374	9535	9703	9845	10041	10209	10393	10572	10718	10894	11058	11210	11364	11501	11624	11762	11892	12021	12156	12286	12416	12541	12671	12801	12931	13061	13191	13321	13451	13581	13711	13841	13971	14101	14231	14361	14491	14621	14751	14881	15011	15141	15271	15401	15531	15661	15791	15921	16051	16181	16311	16441	16571	16701	16831	16961	17091	17221	17351	17481	17611	17741	17871	18001	18131	18261	18391	18521	18651	18781	18911	19041	19171	19301	19431	19561	19691	19821	19951	20081	20211	20341	20471	20601	20731	20861	20991	21121	21251	21381	21511	21641	21771	21901	22031	22161	22291	22421	22551	22681	22811	22941	23071	23201	23331	23461	23591	23721	23851	23981	24111	24241	24371	24501	24631	24761	24891	25021	25151	25281	25411	25541	25671	25801	25931	26061	26191	26321	26451	26581	26711	26841	26971	27101	27231	27361	27491	27621	27751	27881	28011	28141	28271	28401	28531	28661	28791	28921	29051	29181	29311	29441	29571	29701	29831	29961	30091	30221	30351	30481	30611	30741	30871	31001	31131	31261	31391	31521	31651	31781	31911	32041	32171	32301	32431	32561	32691	32821	32951	33081	33211	33341	33471	33601	33731	33861	33991	34121	34251	34381	34511	34641	34771	34901	35031	35161	35291	35421	35551	35681	35811	35941	36071	36201	36331	36461	36591	36721	36851	36981	37111	37241	37371	37501	37631	37761	37891	38021	38151	38281	38411	38541	38671	38801	38931	39061	39191	39321	39451	39581	39711	39841	39971	40101	40231	40361	40491	40621	40751	40881	41011	41141	41271	41401	41531	41661	41791	41921	42051	42181	42311	42441	42571	42701	42831	42961	43091	43221	43351	43481	43611	43741	43871	44001	44131	44261	44391	44521	44651	44781	44911	45041	45171	45301	45431	45561	45691	45821	45951	46081	46211	46341	46471	46601	46731	46861	46991	47121	47251	47381	47511	47641	47771	47901	48031	48161	48291	48421	48551	48681	48811	48941	49071	49201	49331	49461	49591	49721	49851	49981	50111	50241	50371	50501	50631	50761	50891	51021	51151	51281	51411	51541	51671	51801	51931	52061	52191	52321	52451	52581	52711	52841	52971	53101	53231	53361	53491	53621	53751	53881	54011	54141	54271	54401	54531	54661	54791	54921	55051	55181	55311	55441	55571	55701	55831	55961	56091	56221	56351	56481	56611	56741	56871	57001	57131	57261	57391	57521	57651	57781	57911	58041	58171	58301	58431	58561	58691	58821	58951	59081	59211	59341	59471	59601	59731	59861	59991	60121	60251	60381	60511	60641	60771	60901	61031	61161	61291	61421	61551	61681	61811	61941	62071	62201	62331	62461	62591	62721	62851	62981	63111	63241	63371	63501	63631	63761	63891	64021	64151	64281	64411	64541	64671	64801	64931	65061	65191	65321	65451	65581	65711	65841	65971	66101	66231	66361	66491	66621	66751	66881	67011	67141	67271	67401	67531	67661	67791	67921	68051	68181	68311	68441	68571	68701	68831	68961	69091	69221	69351	69481	69611	69741	69871	70001	70131	70261	70391	70521	70651	70781	70911	71041	71171	71301	71431	71561	71691	71821	71951	72081	72211	72341	72471	72601	72731	72861	72991	73121	73251	73381	73511	73641	73771	73901	74031	74161	74291	74421	74551	74681	74811	74941	75071	75201	75331	75461	75591	75721	75851	75981	76111	76241	76371	76501	76631	76761	76891	77021	77151	77281	77411	77541	77671	77801	77931	78061	78191	78321	78451	78581	78711	78841	78971	79101	79231	79361	79491	79621	79751	79881	80011	80141	80271	80401	80531	80661	80791	80921	81051	81181	81311	81441	81571	81701	81831	81961	82091	82221	82351	82481	82611	82741	82871	83001	83131	83261	83391	83521	83651	83781	83911	84041	84171	84301	84431	84561	84691	84821	84951	85081	85211	85341	85471	85601	85731	85861	85991	86121	86251	86381	86511	86641	86771	86901	87031	87161	87291	87421	87551	87681	87811	87941	88071	88201	88331	88461	88591	88721	88851	88981	89111	89241	89371	89501	89631	89761	89891	90021	90151	90281	90411	90541	90671	90801	90931	91061	91191	91321	91451	91581	91711	91841	91971	92101	92231	92361	92491	92621	92751	92881	93011	93141	93271	93401	93531	93661	93791	93921	94051	94181	94311	94441	94571	94701	94831	94961	95091	95221	95351	95481	95611	95741	95871	96001	96131	96261	96391	96521	96651	96781	96911	97041	97171	97301	97431	97561	97691	97821	97951	98081	98211	98341	98471	98601	98731	98861	98991	99121	99251	99381	99511	99641	99771	99901	10000
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## INTERNATIONAL COMPANIES AND FINANCE

## Singapore alters KL share status

By Joyce Quek in Singapore and Gordon Cramb

THE SINGAPORE Government is to end an exemption for Malaysian investors, classifying them for the first time as foreign shareholders, as part of an overhaul of ownership limits for local companies.

This change came yesterday after a day of upheaval in the island's banking sector. The Monetary Authority of Singapore, the island's de facto central bank, said on Tuesday that the level of foreign share ownership of local banks could be doubled to 40 per cent.

Although the timetable for this remained unspecified, yesterday it was made clear that this would take into account Malaysian shareholders, redefining foreign shareholders as non-Singaporean citizens or permanent residents.

The move, which is in line with practice in Malaysia, follows the decoupling of the

Singapore and Kuala Lumpur stock markets last year. It particularly affects shares in listed companies which have a separate market quotation for foreign-owned holdings.

These holdings in the Big Four local banks had traded at a substantial premium, reflecting the scarcity of available stock within the 20 per cent limit.

This was severely eroded overnight as the belief that a much bigger pool was now available pulled the foreign-held share price down.

However, Malaysian investors are substantial owners of shares in the four banks, and yesterday's ruling means that overall foreign ownership levels are not as far from the new ceiling as was thought on Tuesday night.

The rules will cover the state-controlled DBS Bank for

the first time. Reflecting the absence of a previous restriction on foreign ownership, DBS has 44.1 per cent of its shares in foreign hands.

The bank will be given time to meet the new requirement, but from yesterday it stopped registering any transfer of shares which would increase the foreign holdings.

Of the other three, OCBC said yesterday it had a 34 per cent foreign ownership and OUB said it was at 24 per cent. UOB gave its level as 26.7 per cent but with the prevalence of backlogs in the existing queueing system under which foreign buyers transfer locally purchased shares, the ultimate percentage may be higher.

One stockbroker said he believed that the new rules would come into effect after the banks convene extraordinary meetings to ratify the

changes, a process which would take about three to four weeks.

Another was optimistic that, although the MAS decision had not been anticipated by foreign clients and had led to confusion, in the long term the move would give foreigners more opportunities to invest in a strong sector.

It was pointed out that Mr Lee Kuan Yew, the Prime Minister, had cautioned on his recent European tour that Singapore banks and insurance companies would not be able to enjoy government support against foreign competition for much longer.

Kim Eng Holdings, a Singapore quoted stockbroker group, yesterday reported net profits of \$313.5m (US\$7.3m) on turnover of \$947.3m in the year to March, during which it undertook a share flotation.

## ANZ emerges as buyer of 4.7% Coles Myer stake

By Bruce Jacques in Sydney

ANZ Banking Group, one of Australia's big three private sector banks, has revealed itself as the buyer of a 4.7 per cent stake in Coles Myer, the largest retailing group.

ANZ yesterday confirmed market speculation that it had paid A\$225m (US\$176m), or A\$9 a share, for the Coles Myer parcel sold in an off-market transaction on Monday by Premier Investments. Premier is the main flagship company of Mr Solomon Lew, the Melbourne investor who has hit liquidity problems.

Mr Lew is also the Coles Myer deputy chairman, and retains a stake of about 12 per cent in the company, maintaining him as the second largest shareholder after the US-based K mart group, with 22 per cent.

ANZ said it had bought the shares as a "long term strategic investment" but did not explain why it had paid a A\$1.20 a share premium over

the market price of A\$7.80. Coles Myer shares fell a further 4 cents yesterday to A\$7.72 in Sydney.

However, ANZ is believed to be the Premier group's biggest creditor with exposure of about A\$300m, and the transaction was seen by Australian analysts as a debt-for-equity swap.

ANZ, which refused to comment further on the deal, was seen to be more comfortable with an expensive share position in Coles Myer than with a debt exposure to Premier.

The transaction also brought an intervention by the Australian Stock Exchange which yesterday asked Premier directors if there were any conditions attached to the sale.

The directors said there were not and that the reason for the premium over market price was the quantity of shares involved and the purchaser's long-term confidence in Coles Myer.

## Sasol aims to lift earnings with R1.2bn investment

By Philip Gawth in Johannesburg

SASOL, the South African synthetic fuel group specialising in the conversion of oil to coal and gas, has announced six new projects which will involve a total expenditure of R1.2bn (\$450m) and which are expected to boost its earnings by 18 per cent, or R300m, by 1993.

The announcements are in line with Sasol's stated intention of diversifying into higher value-added chemicals without neglecting their synthetic fuel operations. The new projects use the chemical feedstocks derived during the synfuel process, such as ethylene, propylene and ammonia.

The programme, which should be completed by 1993, will consist of a production line for candle and specialised waxes, a new ammonia plant, a production facility for paraffin products, a n-butanol plant, an anode coke plant and an expansion of

the ethylene recovery plant.

The projects will be aimed at replacing imported industrial chemicals, but some of the facilities will also be directed to the export market. Mr Fays Kruger, managing director of Sasol, estimates that more than R400m foreign exchange will be saved in this way.

Of the investment, R750m will be at Sasol 1 in Sasolburg, with the balance at Secunda where the Sasol 2 and 3 plants are located.

The three projects at Sasol 1 are a wax expansion project, which will double production capacity to 120,000 tonnes; a facility to produce paraffinic products for detergent and solvent purposes; and a 240,000 tonnes a year ammonia plant for use in fertiliser and explosives markets. The main project at Secunda will be a R300m anode coke plant which will produce anode coke and needle coke, both currently imported.

## Malaysia plans to privatise 20 airports

MALAYSIA plans to privatise 20 of its airports valued at M\$600m (US\$221m) by early next year, Reuters reports from Kuala Lumpur.

A transport ministry official said a new company, Malaysian Airports Corp, had been formed to take the airports over from the Department of Civil Aviation. British Airports Services, a unit of the UK's BAA, as well as Malaysia's Amanah Merchant Bank and two other local companies were studying ways to privatise the airports.

Six of the 20 are international airports, while eight are located in the states of Sabah and Sarawak on Borneo island.

The Government will transfer all the assets to the new company but operations such as air traffic services and flight control would remain in government hands. "Only non-regulatory functions such as airport management and other related services will be privatised," the official said.

## Sasea posts comparable earnings of SFr25m

By William Duffin in New York

SASEA, the Geneva-based investment banking group headed by Mr Florio Fiorini, yesterday posted 1989 consolidated net earnings of SFr25m (\$17.7m), which it said was comparable with net earnings of SFr24m in the previous year.

In the 1988 annual report the group recorded a net profit of SFr24m but has since modified its method of amortising the goodwill on its acquisitions. Cash flow climbed from SFr63m in 1988 to SFr65m.

Following the increase in share capital, from SFr200m to SFr400m, earnings per share have declined from SFr12 to SFr8 but Sasea said the holding company's profit potential was being maintained.

The holding company, which operates to a June year-end, was expected to report increased earnings and would pay a dividend equal to or more than that paid in 1988, Sasea said.

Property assets valued at

more than SFr200m had been sold since the beginning of 1989. Mella International, Amsterdam, of which Sasea owns 49 per cent, had signed a contract for the sale of its majority holding in Renta Immobilien, of Madrid.

Chamotte Unie, Amsterdam, in which Sasea has a 60 per cent controlling stake, was in an advanced stage of negotiating the sale of some of its insurance holdings.

Sasea specialises in acquisitions, corporate reorganisations and the resale of investments. Last year its consolidated balance sheet more than doubled, from SFr1.5bn to SFr3.6bn, largely as the result of the incorporation of Scotti Finanziaria, a Milan-based property group, which posted assets equivalent to SFr1.2bn at the end of 1988.

Currently Sasea has a 35 per cent interest in Tamoli (Suisse), the Libyan-controlled consortium.

## CS First Boston to establish NZ foothold

CS First Boston, the US investment bank, is establishing a presence in New Zealand by buying the local stockbroker, future research and corporate advisory business of Jarden Morgan NZ. AP-DJ reports from Wellington.

Mr Peter Thomas, chief executive of CS First Boston Australia, said that the price "will be a premium to the net assets of the broking business."

The transaction is subject to approval by New Zealand regulators, as well as both the New Zealand Stock Exchange and futures exchange. The sale must also be approved by shareholders in Jarden Morgan, a New Zealand-listed company that owns Jarden Morgan NZ.

CS First Boston Australia will also acquire the corporate advisory business of Jarden Morgan Australia. Jarden Morgan previously sold the precious metals business of its Deak International unit.

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March 1990

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Instal





## UK COMPANY NEWS

## Airtours interim loss rises to £8m

By Jane Fuller

AIRTOURS, the Lancashire-based holiday company, reported a pre-tax loss of £7.5m in the six months to March 31, more than double the £2.9m deficit for the corresponding period of last year.

Apart from one-off problems in its long-haul activities, the company was operating in a market which saw holiday bookings down by 40 per cent in November and December, while the number of skiing holidays taken fell by 30 per cent.

The profit slump came on increased turnover of £20.42m (£24.74m). The company carried 170,000 (130,000) people. Mr Harry Coe, finance director, said the increased volume of holidays last summer meant there were more "empty legs" as aircraft were sent out to collect end-of-season customers. Delayed holiday bookings meant the company lost out on deposits and insurance income.

These two factors plus start-up costs for the direct selling of continental camping holidays (Eurosites) and the UK Cottage Directory knocked about £2m off profits. A further £2m disappeared on the long-haul side through excess capacity on some routes, while the sudden loss of one aircraft meant that scheduled fares had to be paid to get customers to destinations such as Hawaii.

Mr Coe said these problems had been solved by cancelling the slack part of the programme and by increasing flexibility through switching to smaller aircraft belonging to established carriers - British Caledonia, Monarch and Air 2000.

In short-haul holidays for

winter sunseekers, although the market was 11 per cent down, Airtours had seen a 30 per cent increase through the success of destinations such as the Canary Islands.

For this summer, package holiday booking had picked up from February to April, but had then slackened again. He said numbers were 9 per cent down for the company compared with a fall of up to 20 per cent for the sector. However, the outlook was better for profit margins because of a truce in the price-cutting war between Thomson and ILG.

Mr Coe said the group had about £10m in the bank. The loss per share swelled to 32.5p (16.04p) but the interim dividend is unchanged at 1.5p.

The closing price of 152p, down 4p, compares with 180p when the company was floated in March 1989. Airtours, with its bias towards the less financially battered northern consumer and lack of debt, can to some extent limit the damage inflicted by a depressed market. But as the largest operator without its own aircraft, it has proved accident-prone in terms of incurring sudden large expenses. Last year there was the "flying pig" (a broken-down jumbo), this time an aircraft supplier went bust. Its solution involves hiring aircraft from its rivals. In its favour, sound management has helped it to protect its margins. A profit forecast of £5m for the full year, compared with £5.2m, gives a prospective p/e of 7.8. As it has a lot of ground to make up, there is some risk. Medium term, the prospects are much brighter.

## Strong overseas trading helps Courts to £11.5m

THE PROBLEMS of the UK economy and its effect on high street trading were reflected by yesterday's annual results from Courts (Furnishers).

For the year to March 31, profits before transfer to deferred profit and tax rose slightly from £11.01m to £11.48m on turnover up from £148.4m to £154m.

UK turnover fell by 9 per cent to £93.1m, but this was more than offset by an increase of 29 per cent to £70.9m (£56m) in overseas turnover. The transfer to deferred profit arising from buoyant

overseas trading jumped from £780,000 to £3.53m - leaving pre-tax profit at £7.95m against £10.23m. Mr Paul Cohen, chairman, said the reserve totalled £20.5m, which would automatically flow into profits in future years.

Earnings emerged at 20.9p (24.7p). The dividend is maintained at 5p with a proposed same-again final of 5.1p.

An extraordinary item of £1.24m related to errors in prior years which were discovered when the computer stock system became fully operational this year and new controls were implemented.

## Hicking falls into red and plans £2.5m diversification

A SUBSTANTIAL exceptional debit contributed heavily to the plunge into losses at Hicking Percost in the year to March 31.

The company, involved in the manufacture of knitted outerwear and dyeing and finishing of such products, sustained taxable losses of £1.69m, against profits of £723,000 last time.

While unveiling the downturn, Hicking also announced the proposed acquisition of Forgemasters (Holdings), a South Wales-based steel forger and processor, for up to £2.49m in shares.

Mr John Lister, chairman, said that this move away from Hicking's core business stemmed from the board's conclusion that the group was vulnerable through its exclusive dependence on textiles and that diversification would dilute this.

With Forgemasters comes an 8.9 acre property, which has scope for further development. The property generates rental

income of about £250,000 a year and has been valued at £2.4m. Forgemasters made pre-tax profits of £128,000 in the year to March 31 when net assets were £442,000.

As Hicking will assume debts of £1.3m with the acquisition, it has proposed to raise £1m, before expenses, via an open offer.

In the period under review, Hicking saw turnover decline to £18.56m (£19.18m) with operating profits tumbling to £144,000 (£1.1m).

Exceptional losses totalled £1.25m and related mainly to reorganisation, redundancies and stock write-downs in the knitwear division and losses in connection with Realsteele, its casual wear designer and marketer now sold to its management.

Losses per share amounted to 27.09p (earnings of 10.66p) but, in spite of the poor trading results, the directors are proposing to maintain the final dividend at 1.5p for an unchanged 2p total.

## Interest charges restrict Wyndham

Wyndham Group, the Cardiff-based property investment, motor distribution and financial services group, reported a slight increase from £3.21m to £3.41m in pre-tax profits for the year to March 31, although turnover climbed from £34.15m to £50.4m.

Net interest payments soared from £2.73m to £8.23m

last year, operating profit rose to £9.32m (£8.75m).

Tax took £256,000 (£265,000), leaving earnings of 45.2p, before an extraordinary item of £213,000 relating to the sale of Wyndham Engineering, and 58.5p after.

A final dividend of 4p is proposed to make a total of 6p, an increase of 33 per cent.

## Hogg Robinson recovers to £10.4m

By Jane Fuller

HOGG ROBINSON, the travel, transport and financial services group, staged a recovery in the year to end-March, in spite of a loss on its leisure travel activities.

Taxable profits more than doubled to £10.41m (£5.01m), almost back to the levels of the £11m made in 1987-88. In the year under review, turnover contracted to £87.31m (£91.71m).

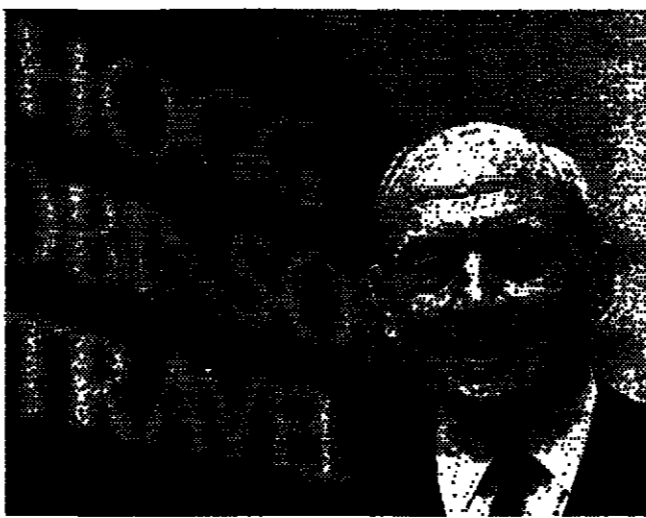
An important factor was the sale of its property services division to Sun Alliance. Some 60 per cent went at the end of the previous financial year, in which property recorded a £2.2m loss. Although the remaining 40 per cent was not sold until early this year, a loss protection arrangement kept its deficit out of Hogg's accounts.

With more than £60m in the bank (about half being advance payments), interest received jumped to £3.52m (£1.07m).

The travel division saw profit fall from £3.02m to £2.3m on sales of £55.79m (£49.92m).

Mr Brian Perry, chairman, said business travel continued to grow, but the leisure side had lost the best part of £1m.

This year would continue to be difficult because of a 15 per cent contraction in the



Brian Perry: Important factor was the sale of the property services division to Sun Alliance.

package holiday market. Hogg had, however, only experienced a 4 per cent decline.

The slight improvement in market share (Hogg was fourth behind Lunn Poly, Thomas Cook and Pickfords) had been achieved with only minimal price discounting.

Transport, which involves carrying freight between the UK and other countries rather than purely domestic business, overtook travel as the biggest profit earner with £3.48m (£2.96m). This included a five-month contribution from Weys Inter-Europe, a Dutch haulier which was added to an established trailer subsidiary.

The Government Freight Agency, which transports people and goods for the military, also had a good year.

Financial services, which saw profit fall to £1.41m in the previous year, recovered to £2.4m. This was due mainly to a new computer system for sorting out employee pensions and to growth in personal lines - household and car insurance.

Earnings per share rose to 9.07p (4.28p). A final dividend of 3.3p makes a total of 5.3p (4.7p).

The share price gained 5p to close at 125p.

## COMMENT

A measure of Hogg's improvement is that the seasonally quieter second half added £3.8m this time, whereas £4.5m was knocked off in 1988-89. It did well to sew up the property division sale more than a year ago.

The group is now cash rich: the £32m it had available at the year end compares with a market value of just over £86m; no wonder Sir Ron Briley's IEP Securities has built up a 15 per cent stake.

Some of the cash is earmarked for acquisitions: 19 more travel agents have already been bought. The Weys haulier opens the way to eastern Europe and Hogg's transport ambitions also extend to other parts. The group obviously remains vulnerable to UK consumers' constricted demand for foreign holidays and leisure travel is only expected to break even this year. A pre-tax profit of £12m gives a prospective p/e of nearly 12 - not cheap, but next year there is considerable scope for recovery in leisure travel.

## Wolseley expands with £26m purchase

By Clare Pearson

WOLSELEY, the distributor of building materials and plumbing and heating equipment, has scooped up Needwood Holdings, the builders' merchant which went into receivership a month ago, at a price of about £26.4m.

Net assets of Needwood, the first large builders' merchant to fail since the downturn in the housing market began in August 1988, stood at about £37.7m.

Unaudited management accounts for the year to end-

March showed sales of about £72m, up from £43.3m in the previous 12 months.

The purchase takes Wolseley's UK heavy building materials business out of its traditional south-east base, providing the company with 35 further branches in the Midlands, northern England, the West Country and Wales.

Wolseley, which has substantial operations in the US as well as the UK, achieved pre-tax profits of £54.2m (£53.6m) in the year to end-January.

## Lilley prevents Tilbury from diluting its holding

By John Thornhill

LILLEY, the construction company which last year narrowly failed to win control of Tilbury Group after a £137m takeover bid, has prevented its rival from diluting its 29.9 per cent holding in the company through issuing more shares.

At its AGM yesterday, Tilbury withdrew a standard resolution allowing it to allot further shares of up to 5 per cent of the issued share capital and disapply pre-emption rights after Lilley had made it clear that it intended to vote down

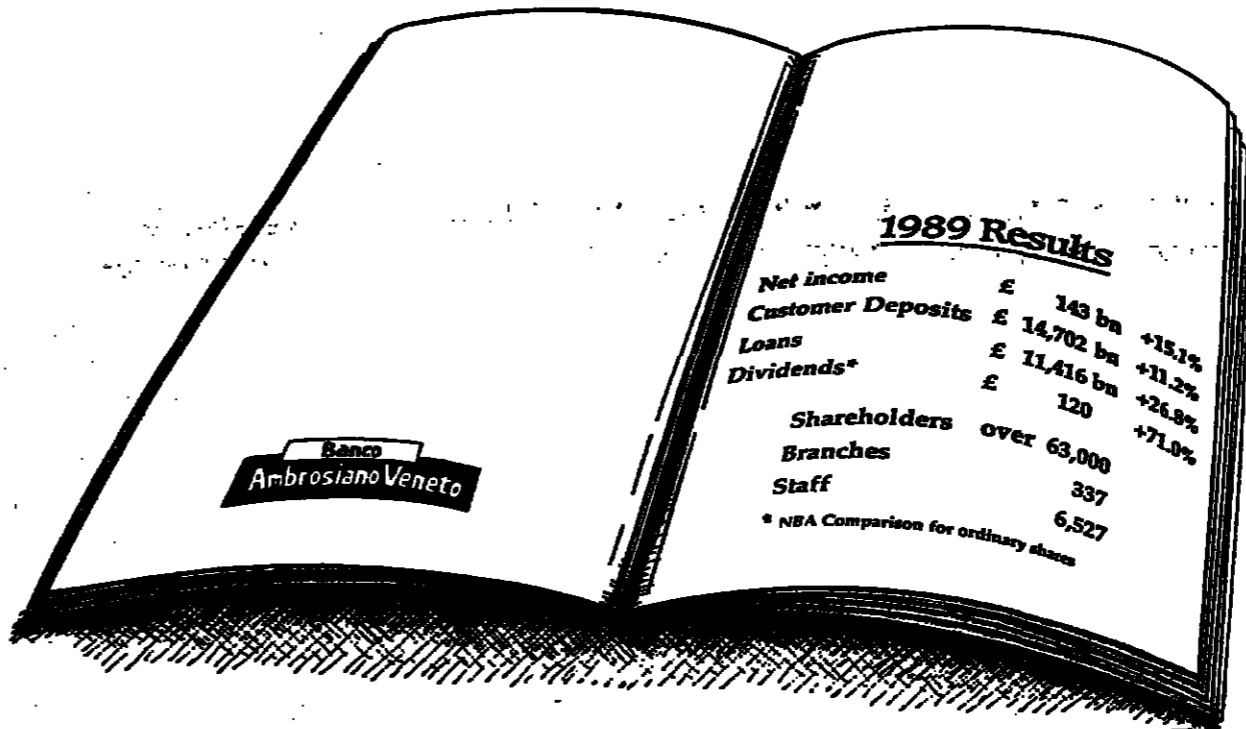
any such move. Lilley said it had opposed this resolution in order to protect the value of its investment.

In his speech to the AGM, Mr Michael Walters, Tilbury's chairman, noted that there had been public criticism of the high level of executive pay.

Last year, Mr Michael Bottjer, chief executive, received £902,000 in total remuneration. One other director was paid more than £700,000 and another over £440,000.

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Over 5 up to 6	13 1/2	Over 6 up to 7	13 1/2	Over 7 up to 8	13 1/2	Over 8 up to 9	13 1/2
Over 9 up to 10	13 1/2	Over 10 up to 15	13 1/2	Over 15 up to 25	13 1/2	Over 25	13 1/2

\* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly instalments (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

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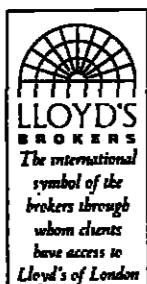
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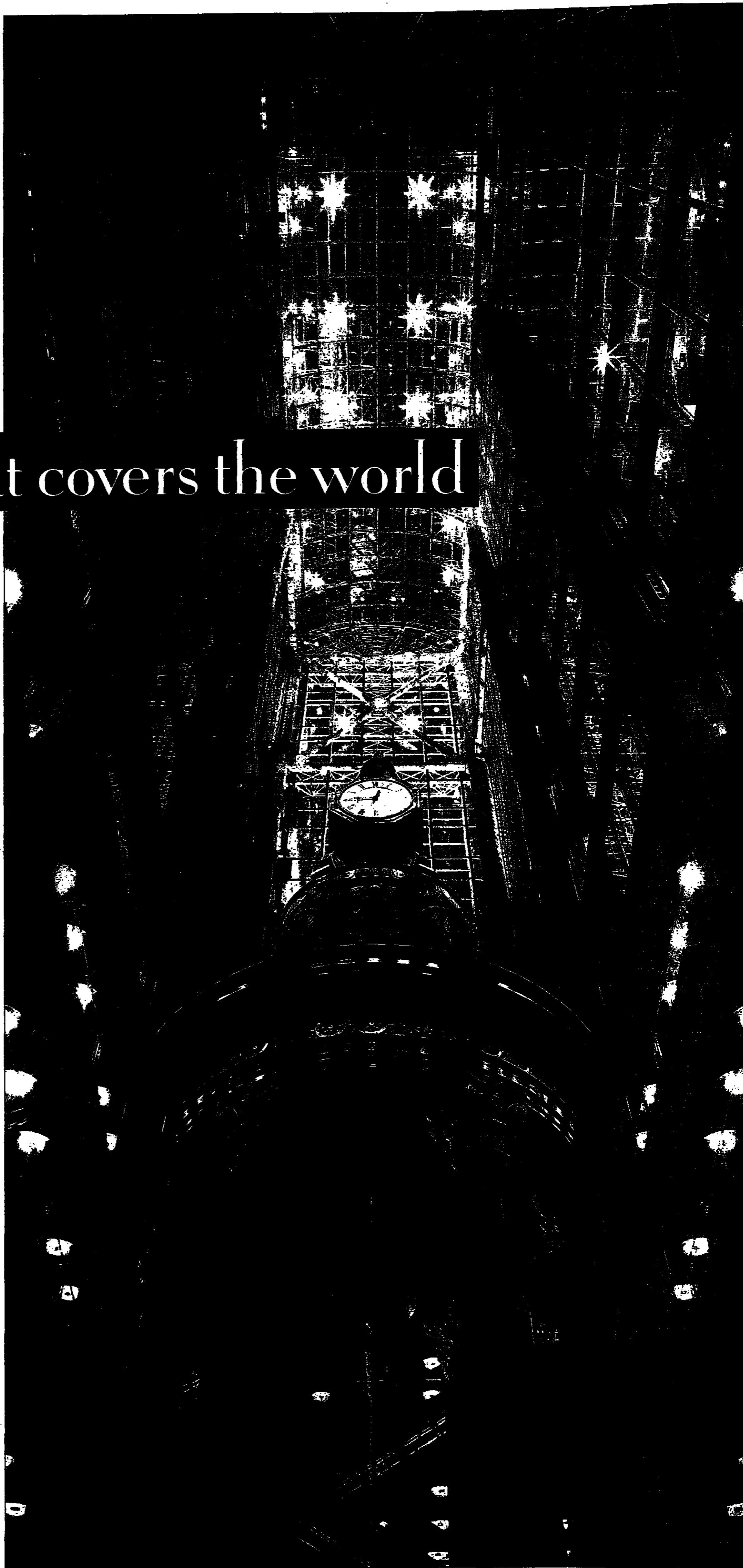


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2pm prices June 27

## NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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**Continued on Page 36**

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**2pm prices  
June 27**

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